

BURLINGTON-EDISON SCHOOL DISTRICT NO. 100
Skagit County, Washington
September 1, 1995 Through August 31, 1996

Schedule Of Findings

1. The Burlington-Edison School District Should Improve Controls Over Associated Student Body (ASB) Fund-Raisers

Following our prior audit, the district established an improved ASB fund-raising manual to address our concerns. During the current audit we noted a lack of compliance with the district's policies and procedures as follows:

- a. Prior approval was not always obtained for elementary school fund-raisers.
- b. The physical security of fund-raiser inventories was inadequate.
- c. Student sales recap forms were not consistently used.
- d. Inventory records were not consistently maintained.
- e. Reconciliations of cash received to expected revenue were not being performed properly for fund-raising activities. Although a member of the fund-raising committee had signed the reconciliation indicating a review had been performed, we noted numerous instances in which the reconciliations did not agree to actual revenues, expenses or inventory on hand.

The *Revised Code of Washington* (RCW) 43.09.200 states:

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction

The Superintendent of Public Instruction (SPI) *Accounting Manual For School Districts in the State of Washington* at Chapter III, Section G-1, page 4 states in part:

Access to resources and records should be limited to authorized individuals, and accountability for the custody and use of resources is to be assigned and maintained. Periodic comparison should be made of the authorized access to systems with the current assignments of the individuals.

The SPI's *Accounting Manual For School Districts in the State of Washington* at Chapter III, Section G-1, page 3 states in part:

Internal control systems and all transactions and other significant events are to be clearly documented, and the documentation is to be purposeful and useful to district management in controlling and/or analyzing operations

The district had established a revised ASB fund-raising manual to improve its internal controls. However, due to a lack of oversight and review by building management, the procedures were not followed.

As a result of the weaknesses cited above, errors and theft could occur and not be detected in a timely manner, if at all.

We again recommend the district work to strengthen their internal controls, maintain all records, and properly perform and review reconciliations of expected revenues to actual cash received.

Auditee's Response

We agree with your findings and will take appropriate actions to strengthen operational internal controls as indicated herein.

Concern

The district should improve controls over Associated Student Body (ASB) fund-raisers.

Action

Fund-raiser documentation - *The district will increase its in-service training for building staff with specific reference to established "fund-raiser guide" procedures. The fiscal office will continue to monitor fund-raiser requests and reconciliations.*

Physical security - *The fund-raiser request form will be modified to require specific information about inventory storage and security.*

Student sales recap & inventory records - *Increased emphasis will be made with building staff so they adhere to the procedures outlined in the "fund-raiser guide." Inventory records will be collected with the reconciliation at the end of each fund-raiser.*

Reconciliations - *The reconciliation forms will be reviewed and returned for re-submittal if not accurate. Failure to properly document the fund-raiser will result in a reprimand and possible denial of future fund-raisers.*

Auditor's Concluding Remarks

We would like to thank the Burlington-Edison School District for their response and to acknowledge their efforts in addressing the concerns. Based upon the district's representations, it appears the matters delineated in our report have been addressed or are being addressed. We will follow up on these matters in subsequent audits.